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# **Improving intergroup relations through actual and imagined contact: Field experiments with Malawian shopkeepers and Chinese migrants\***

**Jun Gu**

Monash Business School

**Annika Mueller**

Department of Economics, Econometrics & Finance, University of Groningen

**Ingrid Nielsen**

Deakin Business School

**Jason Shachat**

Durham University Business School

**Russell Smyth\***

Monash Business School

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**Abstract:** We examine the ability of intergroup contact to ameliorate intergroup relationship in an entrepreneurial and developing world context. Specifically, we provide a simple decision model of how an entrepreneur chooses to invest time to extend their professional network. The model accommodates two distinct channels, and generates alternative predictions based upon which is activated by intergroup contact. One is the knowledge of the necessary time investment to forge a network connection with a member of another group and the second is the preference driven disutility of that time spent with that individual. We then employ randomized experiments to test whether actual and imagined contact effectively reduces prejudice between indigenous Malawian shopkeepers, and their Chinese migrant counterparts and test the stability of these changes over time. Actual contact produced differing results. Local Malawians' attitude towards Chinese migrants did not improve, but their willingness-to-spend time with them did. In contrast, actual

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\* Corresponding author. E-mail: [russell.smyth@monash.edu](mailto:russell.smyth@monash.edu), Department of Economics, Monash Business School, Monash University 3800, Australia. Telephone: +613 99051560

contact led to improvement in the Chinese migrants' attitude toward local Malawians, but did not increase their willingness-to-spend time with them. These effects persisted over a time period of at least ten days. Imagined contact had no impact on Malawians' attitude towards or willingness to spend time with Chinese migrants. These results are consistent with contact activating informational channels more so than preference ones.

## **I. Introduction**

The last decade has seen a massive influx of Chinese migrants into sub-Saharan Africa, among them many traders and shopkeepers, competing among local merchants. These small-scale Chinese entrepreneurs have often been met with resistance from the local competition, resulting in a sharp social divide. Chinese migrant shopkeepers and their local counterparts are shaped by fundamentally different cultures. These cultural differences inform distinct social identities, which in turn inform diverse, and divergent sets of, business practices. Frictions stemming from these divergent practices and related access to different business networks, and the consequent loss in economic efficiency, make the study of social identity especially critical in this context.

Social identity is a person's sense of self, derived from social group membership, where the social group can be defined in various ways, e.g., ethnicity, gender, occupation or religious affiliation (Chen 2010). While social identity has been shown to generate many positive economic benefits within social groups, it can also lead to negative economic outcomes between groups. Identity-based favoritism can produce myriad problems that impede economic progress. In particular, identity-based favoritism can result in discrimination against, and stereotyping of, members of a group simply on the basis of their group membership. Ethnic divisions can lower productivity (Hjort 2014), impede social integration of migrant communities from ethnic out-groups (Casey and Dustmann 2010), generate ethnic conflict (Easterly 2001) and generate ethnic-based religious intolerance (Alesina, Baqir, and Easterly, 1999).

Economists have only recently started to recognize that it is not only important to measure such biases,<sup>1</sup> but to implement strategies to address prejudice grounded in social identity (Ben-Ner et al., 2009; Fryer and Loury 2013). In this paper, we report the results of three framed field experiments that tests whether one such strategy; namely, promoting ‘pleasant and cooperative contact’ (Hewstone and Brown 1986) is effective in reducing prejudice between two groups, Malawian entrepreneurs and Chinese migrant entrepreneurs, in Malawi.

Our contribution is twofold: We develop a simple theoretical framework that sets out alternative predictions about how contact might affect attitudes toward, and willingness to spend time with, members of the other group depending on whether the dominant form of discrimination is preference-based or information bias. We then employ three randomized experiments to test the predictions of the model, enabling us to distinguish between the two alternative channels through which contact might mitigate prejudice. In the first and second studies, we test the effect of actual contact on the attitude of Malawians towards the Chinese, and the willingness of Malawians to spend time with the Chinese, and vice-versa. In the third experiment, we employ the notion of imagined contact to test whether Malawian shopkeepers, who imagine contact in a pleasant and cooperative setting with their Chinese counterparts, report a more positive attitude toward, and are more willing to spend time, with them. Note that we did not include Chinese migrants in the imagined contact study because of the particularly small pool of potential participants and the greater *ex ante* emphasis on the ability of intergroup contact to influence the in-group (Malawian entrepreneurs) than the out-group (Chinese migrant entrepreneurs) (Tropp and Pettigrew 2005).

To test the persistence of the experimental effects over time, we conduct telephone follow-ups with participants ten days after the experiment, for all three experiments, at which time we

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<sup>1</sup> See Lowes et al. (2015) for an example from the economics literature of a test that measures implicit bias towards ethnic out-groups.

resurvey them regarding their attitude toward, and willingness-to-spend time with, the other group. Persistence of attitudinal and behavioral responses have been rarely addressed in the contact hypothesis literature. One exception is Enos (2014) who performed a randomized controlled experiment in which Spanish-speaking confederates were randomly assigned to be inserted, for a period of days, into the daily lives of Anglo-whites living in homogenous communities in the United States, thus simulating demographic change. Enos (2014) randomly surveyed community members at T+3 days and then again at T+10 days following the introduction of confederates. He found that exclusionary attitudes were stronger for those surveyed three days after the treatment than for those surveyed ten days after the treatment.

We find asymmetries in the manner in which the Chinese and Malawians respond to the same treatment in the actual contact study which has not been documented before. Specifically, we find that actual contact facilitates a behavioral response in Malawian shopkeepers toward their Chinese counterparts, but no attitudinal change. At the same time, we find that actual contact facilitates an attitudinal change in Chinese shopkeepers toward their Malawian counterparts, but no behavioral response. We find that the positive effects due to the actual contact interventions persist for at least 10 days. We also find that imagined contact has no effect on Malawian attitudes toward, or willingness to spend time with, the Chinese. Guided by our theoretical framework, we are then able to offer some insights – based on these empirical results – on whether the dominant form of intergroup discrimination is preference-based or stems from informational bias. A combination of preference and information based channels explains our results for how the Chinese respond to the treatment in terms of our model. Both channels explain Malawians wanting to spend more time, but the preference channel is not able to predict Malawians' lack of attitude change.

In the following paragraphs, we place our findings in the context of the broader literature and discuss them in more detail against this backdrop. The contact hypothesis, first formulated by

Allport (1954), states that intergroup contact that is pleasant and cooperative (Hewstone and Brown 1986) can reduce prejudice towards the other group. Imagined contact is a more recent variation of the original contact hypothesis, proposed by Crisp and Turner (2009), which conjectures that contact in the form of an imagined interaction with an out-group can produce positive perceptions of that group. While imagined contact has been proposed as an alternative to actual contact that – if successful – would hold enormous potential for scalability due to its low cost, existing studies show mixed results and economists have remained largely skeptical.<sup>2</sup> Nonetheless, studies of related interventions via the media have been able to demonstrate the enormous potential value of imagined contact, suggesting it deserves further investigation. One such study in the economics literature by Blouin and Mukand (2017) examines the impact of a large-scale nation-building radio intervention in Rwanda on in-group bias. The intervention seeks to replace ethnic group identity with a common national identity and their findings demonstrate positive outcomes in terms of reducing salience of ethnic identity and overcoming in-group bias.<sup>3</sup> While Blouin and Mukand’s strategy is to make use of exogenous variation in exposure to the nation-building radio exercise, our intervention asks participants to imagine engaging in a specific pleasant and cooperative task with a member of the other group, as proposed by Crisp and Turner (2009). Moreover, in contrast to Blouin and Mukand (2017), the key goal of imagined contact in our study is to overcome strong out-group prejudice while preserving participants’ identity.

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<sup>2</sup> This skepticism is shared by some social psychologists (see Dermody, Jones, and Cumming 2013; McDonald et al. 2014). Turner and Crisp (2010), themselves, have acknowledged that imagined contact might not be as powerful as face-to-face contact, given that actual experiences produce stronger attitudes than indirect experiences (Stangor, Sullivan, and Ford 1991). They further state that in many circumstances imagined contact alone might not be enough to have a positive effect and suggest that in such situations a continuum of contact strategies may be needed (Crisp and Turner 2012).

<sup>3</sup> There are other similar studies in the social psychology literature. For example, Paluck (2009) found some evidence that radio soap operas have the potential to act as a vehicle for conflict prevention in Rwanda.

There are only a few studies in economics on the contact hypothesis and most of these studies are implemented in an educational setting. Boisjoly et al. (2006), Burns, Corno, and Le Fraara (2015), and Carrell, Hoekstra, and West (2015) exploit random room assignment in college dormitories to test whether having a roommate of a different race affects attitudes toward people of that other race and willingness to cooperate with people of that other race. These studies find that living with a roommate from a different race reduces prejudice toward people from that other race and increases willingness to interact with them socially. Rao (2013) examines, in the context of students of different economic backgrounds in Indian classrooms, whether mutual exposure changes the attitude of rich students towards impoverished students. He finds that economically diverse classrooms cause wealthy students to discriminate less against poor students outside of school. One study that is not conducted in an educational setting is Scacco and Warren (2015), who examine intergroup contact between Christians and Muslims in Nigeria. They find that a grassroots-level intervention that induces contact between the two groups has little effect on inter-group prejudice in its cognitive (attitudinal) form, but can lead to behavioral change in the form of increased generosity and increased cooperative behavior in the short-term.

Compared with existing studies on this topic in economics, our contribution provides evidence for the contact hypothesis among adults (most existing studies are for children in schools or adolescents in college) in a developing country setting (most existing work is not, although Rao (2013) and Scacco and Warren (2015) are exceptions). Beyond this, there are several aspects of our particular context that are unique. In contrast to Scacco and Warren (2015) who test the contact hypothesis for two groups – Christians and Muslims – who have a longstanding religious conflict, in our case the conflict is much more recent and it is in the context of a business setting. Our study has some similarities to that of Enos (2014), but we differ from it in important ways. In particular, Enos (2014) does not study a business context and in contrast with Chinese immigration to Africa,

Hispanic immigration to the US is not new. In addition, Enos (2014) studies exclusionary attitudes and behavioral change, while we focus on whether contact can bring about inclusionary attitudes and behavioral change. As such, our focus has greater potential to inform interventions to address prejudice.

An advantage of studying contact in a business context over an educational setting is that in the former, because both groups are focused on making profit, how one group views the other is likely to explicitly depend on the change in net economic profits of adding a member of the other group to their network. Where two groups of entrepreneurs differ in the extent to which they can add value to each other's networks, this may produce differences in willingness to engage with each other. As discussed below, this is likely to be the case in Malawi. In contrast to the business context, in a classroom setting it is unlikely that attitudes, and behavior, toward members of the other group would depend on the marginal net profits of adding a member of the other group to one's network, or at least one would not expect such a consideration to be as salient in a classroom setting. We exploit the asymmetries in the net economic benefits that one group of entrepreneurs can bring to the other in a commercial context in setting up our conceptual framework. To the best of our knowledge, thinking about how contact influences attitude and behavioral responses in this way is novel in the literature.

We now describe in more detail the economic mechanisms underlying our theoretical framework and link them to the assumptions that we make about the decision-making environment of the agents. We view the entrepreneurs in our study as facing a decision as to whether to add a member of the other group to their network. We assume that this decision is made on the basis of the expected marginal net economic benefit, which, in turn, is based on two considerations. The first is the marginal profit to one's business of adding a member of the other group to one's network.



The second is a cost estimate of adding a member of the other group to one's network. With respect to the marginal profit to one's business of adding a member of the other group to one's network, there is an important, pre-existing asymmetry in our context. Both groups recognize that the Chinese have access to supply chains that provide a greater variety of products at cheaper prices.<sup>4</sup> In Malawi, as in the rest of sub-Saharan Africa, the local entrepreneurs are envious of the business networks enjoyed by their Chinese migrant competitors. While this has been a point of contention between the two groups - local Malawian shopkeepers have accused their Chinese competitors of having an 'unfair advantage' due to their business networks (Warmerdam and van Dijk 2017) – the local entrepreneurs clearly see that adding Chinese entrepreneurs to their networks would open new business opportunities. For their part, the local Malawian entrepreneurs cannot provide the same net benefits to their Chinese counterparts. Consequently, in our theoretical framework we assume that the benefit to a Malawian from adding a Chinese migrant to their business network is greater than the benefit to a Chinese migrant from adding a Malawian to their network. This assumption is well-founded in the empirical literature. Scholars studying small entrepreneurs have long identified that personal and local networks are crucial to a venture's success (Birley 1985; Dubini and Aldrich 1991; Brüderl and Preisendörfer 1998). In the context of Chinese business migrants in sub-Saharan Africa, numerous studies document the key role played by Chinese networks in the success of Chinese businesses in sub-Saharan Africa, that local Chinese

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<sup>4</sup> Though not crucial to our model, a further reason to believe that the additional value of adding Chinese to Malawian business networks might lie in the possibility of adopting elements of Chinese work culture. Indeed, local entrepreneurs in sub-Saharan Africa are acutely aware of the potential benefits from adopting work ethics, business skills as well as technical skills from their Chinese migrant counterparts (see, for example, McNamee et al. (2012) for a discussion on this point in the context of Lesotho). From the perspective of the Chinese, the perception of stark difference between Chinese, and local traders', work culture is reflected in the fact that, for their part, Chinese traders feel misunderstood and singled out within their host nation. For example, in a survey-based study of Chinese private traders in South Africa, Lesotho, Botswana, Zambia and Angola, McNamee et al. (2012) found that Chinese traders pride themselves on their work ethic, and believe that their mind-set is neither understood, nor appreciated, by their African customers or competitors.

entrepreneurs have much more extensive networks than local entrepreneurs and, furthermore, that such networks give them an important competitive advantage over local entrepreneurs (see e.g., Baah and Jauch 2009; Dobler 2009; Gadzala 2010; Geda 2008).

Our theoretical model allows us to predict the effects of contact on intergroup relations via two different channels through which contact might mitigate prejudice between the two groups, and which are linked to two distinct forms of biases against members of the other group: preference-based and information-based discrimination. While preference-based discrimination describes discrimination against a person based on their traits and characteristics, such as belonging to a particular group of individuals, information-based, or statistical, discrimination describes the phenomenon whereby, in the absence of information about an individual, group averages are projected onto that individual, i.e. discrimination against a member of an out-group is due to imperfect information (Phelps 1972).<sup>5</sup>

In our model, we derive the following two main predictions for actual contact: First, if preference-based discrimination is dominant, Malawian attitude toward the Chinese, and Chinese attitude toward the Malawians will improve. Our assumption of asymmetry in the marginal net benefits of adding a member of the other group to an individual's business network implies that a positive impact on the attitudes of the Malawians will increase their willingness-to-spend time with a Chinese migrant, but that the reverse may not hold. Second, if contact mitigates prejudice mainly via the information channel, we would expect to observe no improvement in the attitudes of participants post contact. Instead, the model predicts behavioral changes: On the one hand, Malawians will wish to spend more time with the Chinese, as they update their estimate of the cost

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<sup>5</sup> As Bertrand and Duflo (2016) note, limited information that drives statistical discrimination might be itself endogenous to conscious, or unconscious, discrimination against out-group members. That is if one has a social need to positively associate with one's own group, this may also make the other group seem more distant and make one less inclined to invest in becoming informed about specific members of the other group.

of forming a business connection with a Chinese entrepreneur, as there is profit to be gained from forming such a connection. On the other hand, the Chinese will not want to spend any more time with the Malawians, as independent of any potential revision of the estimated cost, there is too little positive marginal profit to be gained from adding a Malawian to their business network to make networking worthwhile.

If the dominant influence of imagined contact is via its effect on general attitude towards the other group, we would expect local Malawian shopkeepers' attitude towards Chinese migrants to improve, albeit, likely more weakly than actual contact. Meanwhile, we predict no increase in willingness to spend time with the Chinese. However, unlike actual contact, imagined contact does not provide participants with new information on members of the other group, but rather projects pre-existing prejudices in terms of the difficulty in establishing new contacts. Thus, if contact operates via the information channel, we would expect imagined contact to have no effect on Malawians' willingness to spend time with the Chinese.

Taken together, a combination of information and preference-based channels can explain why Chinese and Malawians respond differently to the same actual contact treatment. For the actual contact treatments, both channels predict asymmetry in willingness to spend time with members of the other group, while the Chinese attitude change toward Malawians post treatment is consistent with the preference-based channel dominating and Malawians' (lack of) attitude change toward the Chinese is consistent with the information bias channel dominating. The finding that imagined contact has no effect on Malawian attitudes toward, or willingness to spend time with, the Chinese is consistent with the information channel operating. Overall, most of our findings are consistent with what we would predict if the dominant influence of contact is via an effect on mitigating informational bias between the two groups.

## **II. Chinese migration to, and development of commercial interests in, Africa**

A large inflow of Chinese migrants has reshaped the economic landscape of sub-Saharan Africa. Though reliable figures are hard to come by, Sautman (2006) estimates that the number of Chinese migrants in South Africa alone grew from about 30,000 in 2001 to between 100,000 and 300,000 in 2006. This scale of foreign migration of a group with no traditional or colonial ties to Africa is unique. Apart from its scale, the Chinese diaspora in Africa is also qualitatively unique in that the Chinese, unlike other migrant populations with commercial interests, lack cultural or linguistic ties to Africa (for example, Indian migrants in former British colonies in Africa share a common language and certain institutions with the local populace). The influx of Chinese products and the proliferation of small Chinese enterprises have had several benefits for African consumers; notably, it has led to lower prices for a range of products and greatly expanded the choice set of consumers (McNamee et al., 2012). However, in terms of relations with local entrepreneurs, it has also increased competition for local businesses.

Throughout sub-Saharan Africa, it is well-documented that the local Chinese entrepreneurs often have extensive networks that are not available to their local indigenous competition. For example, Gadzala (2010) discusses the comparative advantage that Chinese entrepreneurs derive from their networks in the Zambian context, which allows them to undercut their local competition. In the Namibian context, Dobler (2009) finds that the Chinese rely on unique networks not generally available to their local competitors as it is cheaper to import from China than to produce goods locally. Baah and Jauch (2009) report that local Ghanaian entrepreneurs have been forced out of the market by Chinese immigrant competition with the latter able to tap into networks that allow them to import cheaply from China instead of relying on locally manufactured goods. Geda (2008) finds, in the Ethiopian context, that some of the local indigenous traders have been successful in tapping into the networks of their Chinese migrant competitors and that these local

Ethiopian entrepreneurs have been much more successful than their counterparts without such access. Geda's (2008) findings suggest that in sub-Saharan Africa that there are tangible net economic benefits to the local entrepreneurs from engaging with their Chinese because it opens up business networks not otherwise available.

The fact that most local entrepreneurs in sub-Saharan Africa do not have the ability to tap into the networks of their better-connected Chinese rivals has reinforced resentment among local businesses at the sharp increase in competition, and contributed to tensions between both groups of entrepreneurs. Political reactions to the Chinese presence have been mixed. While Malawian leaders such as the late president Bingu wa Mutharika and the former president Joyce Banda have largely welcomed Chinese investment, there have also been recent laws condemned by civil rights groups as xenophobic. As an example, the Investment and Export Promotion Bill, which was enforced starting July 31, 2012, was aimed mainly at Chinese private traders and barred foreigners from carrying out trade in Malawi's rural areas (Ngozo 2012).

We conduct our studies in Lilongwe, which is the capital of Malawi. Malawi is a small land locked country in South East Africa with an approximate population of 16.36 million people. The Malawian economy is largely agrarian and under diversified; tobacco accounts for the majority of its export earnings (World Trade Organization 2002). Thus, foreign investment and access to the Chinese export market have been welcome. Formal diplomatic relationships were established between China and Malawi in 2008 after Malawi severed its 41-year-old ties with Taiwan. This led to a surge in migration from China in the form of construction workers and private traders. The current size of the Chinese business community in Lilongwe, not including construction workers, is approximately 2000.

Few studies have examined the contact hypothesis considering Chinese migrant groups. There are studies that have found that intergroup contact between adult rural-urban migrants and

those with an urban hukou (household registration) in China, is correlated with more positive attitudes towards the other group (Nielsen et al., 2006; Nielsen and Smyth 2011). Similarly, research suggests that intergroup contact between Chinese migrants in the Italian town of Prato is positively correlated with more favorable attitudes among the Chinese migrants towards local Italian residents (Nielsen, Paritski, and Smyth 2012). A limitation of each of these studies is that because they use cross-sectional self-reported data, they are only able to establish correlation, and not causation, between contact and attitude change. Gu et al. (2016) used an experimental design with random treatment assignment to test the effect of intergroup contact on attitudes between a group of urban adolescents and a group of rural-urban migrant adolescents in China. Their results showed that intergroup contact in the form of completing a pleasant and cooperative task (jointly completing a fun puzzle) was effective in reducing negative attitudes towards the other group.

### **III. A behavioral model of entrepreneurs' social network extension**

Our prior conjecture is that the conflict between Malawian and Chinese shopkeepers is driven by prejudice and the competitive advantages enjoyed by Chinese shopkeepers. We consider two potential sources of prejudice: preference-based and informational bias. In the context of the entrepreneurs, we think of one's willingness-to-spend time with another entrepreneur as the disposition to add them to their personal network. Accordingly, we assume that this decision is made based on consideration of the net economic benefits of making this connection, expressed as

$$V_i(j \cup N_i) = \pi_i(j \cup N_i) - c_i(\hat{N}_{ij}, A_{iJ}). \quad (1)$$

The personal network of an individual who is a member of group  $i$  is denoted  $N_i$ . The extension of  $i$ 's network to include an individual from group  $j$  is denoted  $j \cup N_i$ . We assume that the value of  $i$ 's personal network is its contribution to the profitability, i.e. marginal profit, of  $i$ 's enterprise. This contribution is calculated by the function  $\pi_i$ . There is a pre-existing asymmetry in

our context. Both groups recognize that the Chinese have access to supply chains that provide a greater variety of products at cheaper wholesale prices. Consequently, the benefit to a Malawian from adding a Chinese migrant to his personal network is greater than the benefit to a Chinese migrant from adding a Malawian to his network.

Creating a new network connection incurs a cost in terms of the time investment needed to establish the relationship, cultivate sufficient trust and build confidence in each other. The expected time cost of adding  $j$  to  $i$ 's network is  $\hat{N}_{ij}$ . There can be a bias in this estimate of the connection cost as we expect both Malawians and Chinese migrants to have poor information about how personal connections are established with members of the other group.<sup>6</sup> This disutility of time spent is mitigated by the extent to which each individual in group  $i$  has a positive attitude toward members of group  $j$ .

The general attitude of  $i$  towards members of group  $j$  is expressed as  $A_{ij}$ . In other words, an hour spent with a new acquaintance who is a member of a group viewed with a favourable attitude is less costly than spending an hour with a new acquaintance who is recognized as a member of a group viewed in a less favourable way. The net value of  $i$ 's network is given by  $V_i$  and one's willingness-to-spend time with a member of the other group is increasing in  $V_i(j \cup N_i) - V_i(N_i)$ .

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<sup>6</sup> For the Malawian entrepreneurs, in particular, the considerable cultural divide between the two groups is expected to create a perception that the cost to forging network connections with specific Chinese entrepreneurs is very high as the Chinese entrepreneurs come from a high context culture in which *guanxi* plays an important role (Weitzman and Xu 1994; Wong and Chan 1999). H. Davies (1995) defined *guanxi* as "the social interactions within the network place and its members [which is] the equivalent of an infinitely repeated game with a set of people they know". The general view is that the role of *guanxi* in forging network connections among Chinese entrepreneurs is not well understood among non-ethnic Chinese entrepreneurs (Wong and Chan 1999) and that effectively tapping into, and mastering, the role of *guanxi* in relational contracting is being perceived as requiring significant investment (Fan, 2002). Lacking knowledge of the costs of forming network connections with specific Chinese entrepreneurs, Malawian entrepreneurs make decisions based on the popular perception that the investment needed to forge network connections with the average Chinese entrepreneur will be high. Actual contact that is pleasant and cooperative leads to Malawian entrepreneurs updating their information set and reduces the cost to Malawian entrepreneurs of finding out about their Chinese counterparts.

Within this model we consider two potential ways positive and cooperative contact influences individual attitudes and behavioral intentions of our participants. The first way is via a preference-based shock in the form of pleasant and cooperative contact on an individual in group  $i$ 's general attitude towards members of the other group  $j$ ,  $A_{ij}$ . When the dominant influence of contact is via its effect on mitigating preference-based bias toward the other group we have the following three hypotheses:

*(H1) Malawians' attitude toward Chinese migrants under actual contact: Actual contact of a pleasant and cooperative nature between Malawian shopkeepers and their Chinese counterparts will improve local Malawian shopkeepers' attitude towards Chinese migrants;*

*(H2) Malawians' attitude toward Chinese migrants under imagined contact: Imagined contact of a pleasant and cooperative nature between Malawian shopkeepers and their Chinese counterparts will improve local Malawian shopkeepers' attitude towards Chinese migrants; and,*

*(H3) Chinese migrants' attitude toward Malawians under actual contact: Actual contact of a pleasant and cooperative nature between Malawian shopkeepers and their Chinese counterparts will improve Chinese migrants' attitude towards local Malawians.*

Our assumption of asymmetry in the net benefits to each group's profitability from adding a member of the other group to their personal network implies a positive shock to the attitudes of the Malawians will increase their willingness-to-spend time with a Chinese migrant, but that the reverse may not hold. Accordingly, when the dominant influence of contact is via its effect on mitigating preference-based bias toward the other group we have the following two hypotheses:

*(H4) Malawians' willingness-to-spend-time with Chinese migrants under actual contact: Actual contact of a pleasant and cooperative nature between Malawian shopkeepers and their Chinese counterparts will increase local Malawian shopkeepers' willingness-to-spend time with Chinese migrants;*

*(H5) Malawians' willingness-to-spend-time with Chinese migrants under imagined contact: Imagined contact of a pleasant and cooperative nature between Malawian shopkeepers and their Chinese counterparts will increase local Malawian shopkeepers' willingness-to-spend time with Chinese migrants;*



and we do not have confidence in finding evidence in favour of the next hypothesis:<sup>7</sup>

*(H6) Chinese migrants' willingness-to-spend-time with Malawians under actual contact: Actual contact of a pleasant and cooperative nature between Malawian shopkeepers and their Chinese counterparts will increase Chinese migrants' shopkeepers' willingness-to-spend time with local Malawians.*

An alternative way in which positive and cooperative contact can influence attitude and behavioral intentions is through the adjustment of informational biases on the time costs to forge network connections. If the adjustment of informational biases is the dominant pathway of contact, then we would expect to observe no improvement in the attitudes of participants post contact and, hence to fail to find evidence in support of hypotheses *H1* to *H3*.

If the dominant influence of contact is via its effect on mitigating informational bias, we also expect a differential effect by actual and imagined contact treatments. Actual contact involves a previously unexperienced type of interaction with someone from the other group and therefore this should lead to the gathering of new information. In contrast, imagined contact only allows one to project their prior belief of the degree of difficulty in establishing new connections with a member of the other group. As a result, we expect actual contact to reduce the expected necessary time investment, and to find evidence in support of *H4*, and for that estimate to remain unchanged after imagined contact, and to fail to find evidence in support of *H5*. Again, due to the fact that there is no net benefit, in terms of profit, to the Chinese from adding a Malawian shopkeeper to their network even if informational biases are reduced we expect to fail to find evidence to support *H6*.

As we are ultimately concerned with the ability of positive and cooperative contact interventions to generate more permanent benefits, we test whether the hypothesized contact

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<sup>7</sup> We use the term 'providing evidence in favor of' to refer to rejection of the null hypothesis of no effect and the term 'failing to provide evidence in favor of' to refer to failure to reject the null hypothesis of no effect.

(actual and imagined) effects persist over a period of time. We do so by following up with our participants and measuring their general attitude toward and willingness-to-spend-time with the other group ten days after each experimental session. We test the hypothesis:

*(H7) Persistence of contact effects: Any improvement in attitude or increase in willingness-to-spend time resulting from actual or imagined contact will be stable over time.*

#### **IV. Experimental designs**

##### *Experiments 1 and 2: Actual Contact*

A total of sixty indigenous (local) Malawians and sixty Chinese migrants participated in the experiments for monetary compensation.<sup>8</sup> We decided this sample size through a power analysis (Cohen 1992) to ensure 80% power to detect an effect size of 0.74 at the significance level of 0.05. We based our estimate of the effect size in Pettigrew and Tropp's (2006) meta-analysis result that the mean effect size for experiments on the contact hypothesis is 0.7.

Table 1 provides summary statistics for all participants. To recruit the Malawian participants for the actual contact experiments, recruiters identified markets and other areas with a large number of shops. Within each such area, the recruiters selected shops based on location with the goal of recruiting Malawian participants from shops as distant as possible from each other. Participants were told that they would be participating in an experiment for up to one and a half hours duration, which would involve a survey and a simple, pleasant task.

-- Table 1 about here --

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<sup>8</sup> When recruiting participants, we required all participants to be shopkeepers or shop-owners. All Malawian participants were such, and fifty-five out of the sixty Chinese participants were currently such. The remaining five participants had past experience as shopkeepers in Malawi and additionally reported that members of their immediate family were still shopkeepers. Among them, one participated in the control group and four in the treatment group.

To gain access to the Chinese migrant population, we worked closely with the Community of Chinese Businessmen, Malawi. We identified six community leaders who assisted our recruiting efforts by disseminating basic information about the experiments to the community. Participants were told that they would be participating in an experiment for up to one and a half hours in duration, which would involve a survey and a simple, pleasant task. In Appendix 1, we provide choropleth maps with detailed explanations on the spatial distribution of our participants.

We employed a randomized experimental design with a treatment to induce actual pleasant and cooperative contact. Participants received 5000 Malawian Kwacha (MWK) as a show-up fee and another 2000 MWK as a transportation fee at the end of their session (1 \$US  $\approx$  390 MWK at the time of the study).<sup>9</sup>

The joint experiment consisted of six sessions (two per day) conducted over the 5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup> of July 2014. All sessions were held in the same classroom. The first three sessions constituted the control group, the latter three the treatment group. In each session, the Malawian and Chinese participants were randomly paired to form dyads. As a result, half of the dyads were randomly selected into a treatment group, in which they engaged in an actual contact event with their dyad partner, while half were randomly selected into a control group, in which they did not engage in actual contact with their dyad partner.

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<sup>9</sup> Incentivizing is a problem in our setting due to the vast discrepancy between the Malawian and Chinese participants' incomes. An effective incentive scheme would thus have required a choice between either a largely more appropriate absolute payment scale to the Chinese or a largely more appropriate payment proportional to income levels of the Malawians. Therefore, these questions were not incentivized as we believe that adopting inequitable incentives would generate strong asymmetric influences on collected measures, in other words, that no incentivized task would simultaneously give all participants a strong incentive to tell the truth, while not impacting our measures of attitude and behavioral intent. For example, it has been shown (Gneezy and Rustichini, 2000) that intrinsic motivation can be more effective than an under-scaled monetary incentive scheme in experiments. The use of a currency filter that might have mitigated this particular problem was not an option as the Chinese community leaders who were assisting in our recruitment process explicitly requested full transparency regarding the payment structure in front of all participants in order to avoid fueling what was already perceived as a tense situation between the Chinese and Malawian side.

A session proceeded as follows: each dyad was seated side by side at a desk. Each participant was given a name card, with his or her last name (e.g., “Banda” and “Ming”, respectively). Once seated, participants in each dyad were instructed to exchange name cards and pronounce their own last name clearly so that each participant could learn the name of their counterpart. After these introductions two project associates, one Malawian and one Chinese, read the instructions aloud, section by section, first in Chichewa and then in Mandarin.

Each dyad was then asked to complete two jigsaw puzzles. The Chinese and the Malawian participants were both unfamiliar with jigsaw puzzles. We believe that this created a level playing field between both groups of participants. We used the following procedure to manipulate the amount of contact between the treatment and control groups. We gave two comparable jigsaw puzzles per dyad. In the treatment group, each dyad was asked to jointly solve the puzzles one after the other, with the order randomly assigned. In the control group, each dyad was asked to solve both puzzles as well; however, in this case each of the members were randomly assigned one of the puzzles to solve individually. All the participants were given a maximum of one hour to complete the jigsaw puzzle task.

The project associates observed that participants universally found working on the puzzles enjoyable, and in the actual contact treatment additionally found that cooperation on their part helped them achieve a common goal. The experimental set-up further fostered cooperation as the puzzles were large enough that handing, and asking each other for, puzzle pieces and pointing out where pieces might fit into parts the other person had completed was the most efficient way to tackle the task.

Participants in the actual contact treatment were allowed to quietly communicate with their dyad partners. Participants in the baseline treatments were not allowed to communicate. No communication was allowed between dyads in both treatments. Almost all of the information

communicated within actual contact dyads was non-verbal based on personal observation of the experimenter leading the sessions. This was reinforced by the language barriers between the two groups in our study. The few exceptions in terms of verbal communication were members asking for puzzle pieces or enquiring whether the dyad member had seen a piece with a specific colour and/or pattern.

After the jigsaw puzzle task, procedures between the baseline and actual contact treatments again coincided. The participants completed a short survey that included demographic and socio-economic questions and our key question to assess a participant's attitude and willingness-to-spend time with the members of the other group. We provide the complete questionnaire in Appendix 2. Here we provide excerpts of our two key questions for the local Malawians (The key questions for Chinese participants are almost identical except that the target group refers to local Malawians).

Circle the word that best sums up your thoughts about Chinese migrants in Malawi:

1. My general attitude toward Chinese migrants in Malawi is...

very positive      positive      neutral      negative      very negative

2. If I could, I would enjoy spending my spare time with Chinese migrants.

very true              true              neutral      untrue              very untrue

In Experiment 1, Malawian actual contact, all Malawian participants provided responses to both questions. In Experiment 2, Chinese actual contact, two Chinese participants did not provide a response to the first question, and another Chinese participant did not provide a response to the second question.

We coded responses to these questions using a five-point Likert scale (1=very negative/untrue., 3=neutral, 5=very positive/true) so that higher values represent more positive attitudes and more willingness to spend time with the target group.

### *Experiment 3: Imagined Contact*

A total of sixty Malawian shopkeepers participated in the experiment for cash compensation. While these participants were different individuals from those who participated in Experiments 1 and 2, they were recruited using the same strategy as per the Malawian participants in Experiments 1 and 2.

The experiment employed a randomized design with a treatment to simulate imagined pleasant and cooperative contact. Participants received 5000 MWK as a show-up fee and another 2000 MWK as a transportation fee at the end of their session (\$US1  $\approx$  460 MWK at the time of the study). The experiment consisted of six sessions (two per day) conducted over the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> of November 2014. Again, the first three sessions were used to create a control group and the latter three to create a treatment group (thirty participants per group).

A session proceeded as follows. Each participant was seated at a desk in a classroom similar to the one used in Experiments 1 and 2. They were given instructions to not communicate amongst themselves for the duration of the session. Then participants were read a story about climbing Mount Mulanje (one of the two most famous natural sights in Malawi and a popular destination for hiking/climbing among Malawians and Chinese alike), with a shopkeeper they met for the first time at the foot of the mountain. Our script described the interaction with the shopkeeper as enjoyable and emphasized the cooperative nature of the interaction required to reach the common goal. We used the following procedure to manipulate imagined contact: the participants were asked to either envision a Malawian (control group) or Chinese (treatment group) shopkeeper as their travel companion. During the reading of the script several breaks were provided for visualization. The participants were then asked details about the script that was read out to them, which served as a manipulation check (i.e., whether the participants in each condition visualized the correct travel companion) that all participants successfully passed. The participants then completed a series of compliance questions about what they had visualized (see Appendix 2 for the detailed materials to

manipulate imagined contact) and finally the same survey tool as for the actual contact experiment. All the participants provided responses to the two key questions.

#### *Follow-up surveys*

We conducted follow-up surveys for all three experiments via phone. In all cases, the project associates called participants exactly ten days after the date of their initial participation. The follow-ups comprised of a survey in which a subset of the questions from the initial participation were asked again, including our key questions of interest regarding attitude toward the other group and willingness to spend time with a member of the other group. We obtained follow-up responses for all one hundred and twenty Malawian participants and fifty-seven out of the sixty Chinese participants (of the three Chinese participants who could not be reached to provide follow-up responses, two were in the treatment group and one in the control group).

### **V. Results**

Actual contact had different effects for the local Malawians and the Chinese migrants. Actual contact provided a significant increase in Malawians' willingness-to-spend time with a Chinese migrant, but did not improve their attitude towards Chinese migrants. In contrast, actual contact did not increase Chinese migrants' willingness-to-spend time with local Malawians. However, their attitude towards local Malawians did improve. Both of the observed initial impacts persisted for at least ten days. The Imagined contact intervention was not successful. There was no difference between control and treatment responses by local Malawians in either attitude or willingness-to-spend time questions.

We start by presenting histograms for the responses to the attitude and behavior measures. Figure 1 is a 2×4 array of histograms of the local Malawian responses in Experiments 1 and 3. The rows of the array correspond to the two experiments: the top row for the actual contact experiment,

Experiment 1, and the bottom row for the imagined contact experiment, Experiment 2. The left half of the array corresponds to the attitudinal question, and the right half to the response to the behavioral intention instrument. Each histogram reports the response counts for the initial responses (black bars) and the follow-up responses (light grey bars), collected ten days later.

-- Figure 1 about here --

First, in responding to the general attitude question, the Malawians in the actual contact experiment tended to provide high responses, indicating a positive attitude, but there was no apparent difference between the distributions of those in the treatment group and those in the control group. The distribution of the follow-up responses is identical to the initial responses, but this is a mere coincidence as there were subjects who changed their responses. In the imagined contact experiment, the distribution of the responses of those in the treatment group appears to be more concentrated on higher responses than in the control group. Shortly we will see this treatment effect is only marginally significant. Further this treatment effect erodes in the follow-up ten days later.

Next, we consider the Malawians' responses in both Experiments 1 and 3 to the willingness-to-spend time question. In the actual contact experiment the distribution of the initial treatment groups' responses is more concentrated on the higher responses. On the other hand, there is no apparent difference between the initial responses of the treatment and control groups in the imagined contact experiment. Further, in all four cases, the distribution of follow-up responses closely matches that of the corresponding initial responses. Thus, in the case of the actual contact, this is evidence that the contact effect sustained for at least ten days.

Figure 2 presents the 1×2 array of histograms for the Chinese migrants' responses to both questions in the actual contact experiment. For the attitude question the responses in the treatment



were concentrated on higher, more positive levels. This more positive attitude was muted in the follow-up. For the willingness-to-spend time question, the treatment and control distributions are quite similar.

-- Figure 2 about here --

Next, we formally test our hypotheses. We first examine treatment effects in the initial experiments. In Table 2 we compare the treatment and control responses within each experiment and group by comparing their means with a one-side  $t$ -test for which the alternative hypothesis is the mean treatment response is higher than the mean control response.<sup>10</sup> The alternative hypothesis is consistent with a positive effect of contact. We also conduct a one-sided Wilcoxon rank-sum test that the distribution of responses is the same for the treatment and control groups versus the alternative that the response distribution for the control group weakly first order stochastically dominates that of the treatment group.

-- Table 2 about here --

We first consider whether contact positively affected attitude in the top part of the table. For local Malawians, we find no effect on attitude from actual contact. In fact, the treatment mean is slightly lower. We do find marginal support for improved attitude when there is exposure to imagined contact, the treatment mean response is 0.33 higher in this case. This difference is marginally significant, the  $p$ -value is approximately 10% for both tests. We find the strongest evidence of positive attitude change for Chinese migrants exposed to actual contact. The mean

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<sup>10</sup> Our two contact interventions were designed to be cooperative and pleasant, and evidently so as puzzle pieces were collected as souvenirs by some participants following the activities. This satisfies the basic tenets of contact theory and consequently makes the one-sided alternatives consistent with the theoretical contentions underlying our hypotheses.

treatment response is 0.77 higher than the mean control response. In this case we reject both equal means of response and equal distribution of responses at the 1% level of significance.

Are these effects robust to controlling for other factors that could affect attitude and behavioral intentions? Recruiting for our experiments was difficult and we couldn't obtain demographic information on participants in advance. Accordingly, the best design choice was to randomly assign sessions to treatments. This left our samples unbalanced with respect to potentially important variables such as gender, age, family composition, education and age. We control for variations in our samples by pooling the data from the treatment and control sessions for each experiment. Then we conduct Ordinary Least Square regressions of these variables, along with a treatment dummy, on the individual responses to our two questions.<sup>11</sup> We report these results, with inferences conducted using robust standard errors, in Tables 3 and 4. Regression results confirm our hypothesis tests regarding the impact of actual and imagined contact on attitudes. Inspection of the treatment dummy coefficients in Table 3 reflects similar size treatment effects as found in simple averages calculations. We summarize our first two results.

-- Table 3 about here --

*Result I:* Local Malawians' attitude towards Chinese migrants is not impacted by actual or imagined contact. This finding does not support hypotheses *H1* and *H2*.

*Result II:* Chinese migrants' attitude towards local Malawians is positively affected by actual contact. This finding supports hypothesis *H3*.

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<sup>11</sup> Note the number of observations for the Chinese study regressions is only 52 due to some non-responses in the post study survey.

Now we turn our attention to test the treatment effects of actual and imagined contact on the willingness-to-spend time with members of the other group. We report the relevant means and hypothesis tests in the lower half of Table 2. First, consider the effects for local Malawians. In the actual contact experiment, the mean response is 4.37 for the treatment group and 3.83 for the control group, which provides evidence in favor of the alternative ( $p < 0.01$ ). We reach a similar conclusion with the Wilcoxon rank sum test. In the imagined contact experiment, there is little difference in mean response levels of the control and treatment group. The treatment group mean is 3.07, and the control group mean is 3.17. Correspondingly, we find evidence in favor of the null with both the  $t$ -test and the Wilcoxon rank-sum test. For the migrant Chinese in the actual contact experiment, the treatment response mean is about 0.40 higher than that of the control group, this is only marginally significant in the one-side  $t$ -test ( $p = 0.09$ ) and insignificant with the Wilcoxon rank sum test ( $p = 0.16$ ). Notice the weak evidence of increased Chinese migrants' willingness-to-spend time with local Malawians, relative to the reverse, is consistent with the implications of our model which assumes asymmetric benefits to entrepreneurial profits.

Regression results confirm our hypothesis tests regarding the impact of actual and imagined contact upon behavioral intentions. Inspection of the treatment dummy coefficients in Table 4 reflects similar sized treatment effects at those found in simple average calculations.

-- Table 4 about here --

*Result III:* Local Malawians' willingness-to-spend time with Chinese migrants is positively impacted by actual contact but not impacted by imagined contact. This finding supports hypothesis  $H4$  but does not support hypothesis  $H5$ .

*Result IV:* Chinese migrants' willingness-to-spend time with local Malawians is not affected by actual contact. This finding does not support hypothesis  $H6$ .

Lastly, we test whether the changes in attitude and behavioral intentions resulting from contact (actual and imagined) were sustainable for the ten days between contact and our follow-up. In Table 5, we report the mean and standard deviations of responses from our initial experiments and their follow-ups. We also report the counts of individual responses that increased, remained the same, and decreased from the initial to follow-up study. We provide two tests for response stability. First, we report a one-sided paired  $t$ -test for which the null is the initial and response means are the same versus the alternative that the initial response is higher. Second, we report the similar non-parametric Wilcoxon matched pair signed test.

--Table 5 here--

The statistics and hypothesis tests reflect strong stability in responses across experiments, treatments, and groups. One of our main research questions is how persistent are successful contact interventions? Accordingly, we focus on the two positive treatment effects. With exogenous exposure to actual contact, the local Malawians' willingness-to-spend time with migrant Chinese mean response was initially 4.37, and this decreased slightly to 4.23. Twenty of the respondents did not change their response, seven reduced their response, and three even increased their response. With this stability, it is not surprising that we fail to reject the null hypotheses of both tests. With exogenous exposure to actual contact, Chinese migrants' mean response to the attitude question was 3.63, and the follow-up was 3.43. This nominal degradation in attitude is not significant according to our hypothesis test, but is still concerning nonetheless. Cautiously we can offer our final result.

*Result V:* The positive impact resulting from actual contact on local Malawians willingness-to-spend time with Chinese migrants, and Chinese migrants' attitude towards local Malawians persists for at least 10 days.

## **VI. Discussion**

Most of the economics literature on discrimination has focused on employer discrimination (see eg. Bertrand and Mullainathan 2004; Eriksson and Ruth 2014; Kroft, Lange, and Notwodigdo 2013) or, more recently, customer discrimination (Bar and Zussman 2017). We differ from this literature in that we have examined discrimination between entrepreneurs. In this arena, we formulated a behavioral model of how entrepreneurs extend their social networks and an experiment that predicts alternative responses for whether the mechanisms behind effective contact interventions result from changing preferences or resolving informational biases. Our experimental results are largely consistent with informational bias being the dominant channel, but there is an unexplained asymmetric activation of the preference channel. In this final discussion, we first explore potential explanations of the asymmetric attitudinal effect, then turn our attention to discuss the future of imagined contact in light of our null results and then we discuss the impact of our results for the larger China in Africa set of initiatives.

To what extent do we expect the preference-based or informational bias channel to be dominant in our particular setting and, hence, to what extent are our results consistent with what we predicted? As Bar and Zussman (2017) have recently emphasized, it is notoriously difficult to disentangle these two channels, so we refrain from taking a strong stand, but we believe that, in our setting, informational bias is likely to be an important channel.

The nature of the relationship between the Chinese and Malawians is multi-layered so it is difficult to completely rule out preference-based discrimination at some level. In this respect, it is

not even clear who is the in-group and who is the outgroup in the Allport (1954) sense. The Chinese are a socially marginalized minority and, in this sense, may be considered the outgroup. However, they are also economically advantaged relative to the Malawians and, in a business sense, can be considered the privileged in-group.

To the extent that preference-based discrimination is operating, our model predicted that actual contact would improve the attitudes of both groups to each other (*H1, H3*). But, if preference-based discrimination is operating through relative social status, the asymmetric results for attitude change following actual contact might reflect that, as the socially marginalized group, the Chinese may be more accommodating of the majority-status Malawians (Guinote et al., 2006). If so, for the minority-status Chinese, actual contact with the Malawians might more readily translate into attitude change toward the other group than for the majority status group, because the minority status group is more willing to accommodate the majority status group. This is consistent with findings from cross-sectional contact studies in the psychology literature that are suggestive of actual contact changing the attitudes of minority status groups more readily than majority status groups (see e.g. Dixon et al., 2010). Nielsen and Smyth (2011) reached the same conclusion in their study of rural-urban migrants in China, in which rural-urban migrants were the minority status group.

An explanation for the asymmetric results on attitude change, consistent with preference-based discrimination, may lie with social identity theory. Minority status groups have been shown to have a stronger sense of social identity (Goette et al., 2006). This reflects social identity threat; minority groups who feel their status as a group is threatened work harder to overcome this threat and this draws them closer together. Social identity theory stresses the need for an individual to have a positive social identity and that individuals will strive to maintain this state. Hence, socially

marginalized groups will be more accommodating of the majority in order to ensure a positive social identity is maintained.

We now turn our attention to perspectives on the potential of imagined contact interventions. Our results for the imagined contact treatment are largely what economists might expect, irrespective of the channel. If the information channel dominates, imagined contact can be thought of as not providing any new information, but rather reinforcing pre-existing prejudices in terms of the difficulty in establishing new contacts. If the preference-based channel is dominant one would expect an improvement in attitudes, but the effect from imagined contact alone may be very weak and difficult to detect. Given the enormous potential for scalability due to its low cost, we make some suggestions for improvements of the imagined contact treatment that could plausibly get it to work better in the future.

First, there is evidence in other contexts that television shows can lead to positive economic outcomes. For example, La Ferrara, Chong, and Duryea (2012) found that soap operas that portrayed small families had a positive effect on lowering fertility rates in Brazil. Jensen and Oster (2009) found that exposure to cable television increased female socioeconomic status, and the education outcomes of their children in rural India. Kearney and Levine (2014) found that a series of reality television shows in the United States focused on teenage pregnancies increased awareness of contraception use amongst teenagers and led to a reduction in teen births. La Ferrara et al. (2012, 29) note “that programs targeted to the culture of the local population have the potential of reaching an overwhelming amount of people at very low costs and could thus be used by policy makers to convey important social and economic messages [including] the rights of minorities”. One possible policy intervention, building on the notion of imagined contact, may be introducing sympathetic characters of different ethnic groups to popular television shows. This might work better than a single imagined contact treatment as in our study. With watching television, one would expect the

preference-based channel to be more important and the effect of attitudes of a television serial to be stronger because the imagined component is embedded in a broader context.

Second, that our results suggest that imagined contact alone might not be enough to have a positive effect suggests that a continuum of contact strategies may be needed (Crisp and Turner 2012). As part of such an approach, imagined contact might be applied in the first stage and actual contact in the second stage. This sees imagined contact as part of a larger solution that comprises multiple interventions. In this respect, as Crisp and Turner (2012, 170) put it: “A comprehensive solution to the problem of prejudice will involve multi-focused interventions that tackle the complex and multilayered motivational, ideological, economic and social contributors to this most pervasive social problem. But just as a purely cognitive focus is not enough, nor should we ignore the power and potential of social cognitive approaches in helping us tackle these problems.”

Finally, a backdrop to Chinese migration to Africa is China’s own political ambition on that continent. China has poured large amounts of foreign aid into Africa, which is tied to expanding its strategic interests there. China wants to work with African nations to promote the notion of a Chinese development model, as an alternative to the Washington Consensus pro-market approach to development in Africa (M. Davies 2008; Friedman 2009).

How do our results speak to China’s broader economic ambitions in Africa? China’s entry into Africa is part of a long-term strategy. However, there is mistrust in some African nations about the true intent of the Chinese (M. Davies 2008), and such mistrust has the capacity to act as a barrier to broader acceptance of the Chinese model of development as an alternative to the Washington Consensus. This mistrust has been a source of African political forces pushing back against China’s strategy. For example, in 2011, Michael Sata, the leader of the largest opposition party, Patriotic Front, made resistance against Chinese ‘exploitation’ of Zambia’s natural resources and workforce a key campaign platform (McGreal 2007; Palitza 2011).



Chinese shopkeepers, such as those recruited for the current study, are a significant component of the interface between the Chinese development model and the everyday Malawians. If Malawian shopkeepers have more positive behavioral intentions toward their Chinese counterparts, they may be more likely to support the broader, higher level development actions of the Chinese government. That actual contact facilitates change in the willingness of Malawians to spend time with the Chinese shopkeepers, and that the change is stable, has important practical implications. Where mistrust and anxiety about the perceived true objectives of the Chinese exists, our results suggest that there is a foundation for addressing it.

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Table 1: Summary demographic statistics for study participants in Experiments 1, 2 and 3

Experiment	Group	Contact type	Experimental condition	Number of subjects	Females	Secondary school graduates	Average age (Years)
1	Malawian	Actual	Treatment	30	19	27	30.6
			Control	30	15	22	29.8
3		Imagine	Treatment	30	7	20	35.9
			Control	30	17	24	28.4
2	Chinese	Actual	Treatment	30	9	24	34.6
			Control	30	8	27	36.7

Table 2: Hypothesis tests for contact effects on general attitude toward and willingness to spend time with other group in Experiments 1, 2, and 3

			Malawian	Malawian	Chinese
Instrument			actual	imagined	actual
General attitude toward other group	Control	Responses	30	30	30
		Mean	4.37	2.97	2.90
		Standard deviation	(0.81)	(1.03)	(1.30)
	Treatment	Responses	30	30	28
		Mean	4.10	3.30	3.63
		Standard deviation	(0.96)	(1.09)	(0.96)
	Difference	Mean	-0.27	0.33	0.73
		<i>t</i> -statistic	-1.16	1.22	2.49***
		<i>p</i> -value	0.89	0.11	0.01
		Wilcoxon rank sum stat.	-1.15	1.32*	2.27***
Willingness-to-spend time with other group	Control	Responses	30	30	30
		Mean	3.83	3.17	3.07
		Standard deviation	(0.99)	(1.15)	(1.31)
	Treatment	Responses	30	30	29
		Mean	4.37	3.07	3.47
		Standard deviation	(0.76)	(1.14)	(0.97)
	Difference	Mean	0.54	-0.17	0.40
		<i>t</i> -statistic	2.34***	-0.34	1.34*
		<i>p</i> -value	0.01	0.63	0.09
		Wilcoxon rank sum stat.	-2.20**	0.45	-1.01

*Note:* \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Malawian actual = Malawian participants in the actual contact experiment. Malawian imagined = Malawian participants in the imagined contact experiment. Chinese actual = Chinese participants in the actual contact experiment. For Malawian participants, other group refers to Chinese migrants in Malawi. For Chinese participants, other group refers to local Malawians.



Table 3: Results of OLS regressions analyses of the general attitude toward other group in Experiments 1, 2 and 3

Variable	Malawian actual	Malawian imagined	Chinese actual
Contact	-0.13 (0.21)	0.49 (0.32)	0.82** (0.35)
Female	-0.23 (0.18)	0.12 (0.33)	0.07 (0.30)
High school graduate	0.21 (0.23)	-0.22 (0.30)	0.51 (0.52)
Age	-0.03* (0.02)	0.00 (0.02)	-0.03 (0.03)
Monthly income	-0.06*** (0.02)	-0.01 (0.04)	0.00 (0.04)
Number of children	0.11 (0.07)	-0.05 (0.07)	0.39 (0.26)
Constant	5.21 (0.56)	3.20*** (0.70)	2.95*** (0.87)
Observations	60	60	52
R-squared	0.27	0.06	0.19

*Notes:* \*\*\*p<0.01, \*\*p<0.05, \*p<0.1. Malawian actual = Experiment 1, Malawian participants' general attitude toward Chinese migrants in Malawi. Malawian imagined = Experiment 3, Malawian participants' general attitude toward Chinese migrant in Malawi. Chinese actual = Experiment 2, Chinese participants' general attitude toward Malawians. Contact (0 = control, 1 = treatment). Female (0 = male, 1 = female). High School Graduate (0 = Did not graduate from High School, 1 = Graduated from high school). Monthly income is measured in 10,000 MWK. Robust standard errors in parentheses.

Table 4: Results of OLS regressions analyses of the willingness-to-spend time with other group in Experiments 1, 2 and 3

	Malawian actual	Malawian imagined	Chinese actual
Contact	0.66*** (0.21)	0.15 (0.30)	0.45 (0.36)
Female	-0.66*** (0.22)	-0.02 (0.32)	-0.34 (0.53)
High school graduate	0.63** (0.27)	0.31 (0.33)	0.35 (0.52)
Age	-0.02 (0.02)	0.01 (0.02)	0.02 (0.03)
Monthly income	-0.04* (0.02)	0.05** (0.02)	-0.04* (0.02)
Number of children	0.08 (0.06)	-0.16** (0.07)	-0.20 (0.19)
Constant	4.32*** (0.46)	2.84*** (0.71)	2.41*** (1.04)
Observations	60	60	52
R-squared	0.37	0.12	0.10

*Notes:* \*\*\*p<0.01, \*\*p<0.05, \*p<0.1. Malawian actual = Experiment 1, Malawian participants' general attitude toward Chinese migrants in Malawi. Malawian imagined = Experiment 3, Malawian participants' general attitude toward Chinese migrant in Malawi. Chinese actual = Experiment 2, Chinese participants' general attitude toward Malawians. Contact (0 = control, 1 = treatment). Female (0 = male, 1 = female). High School Graduate (0 = Did not graduate from High School, 1 = Graduated from high school). Monthly income is measured in 10,000 MWK. Robust standard errors in parentheses.

Table 5: Changes in general attitude toward and willingness-to-spend-time with other group after 10 days in Experiments 1, 2 and 3

Panel A: General attitude toward other group

		Malawian				Chinese	
		Actual		Imagine		Actual	
		Treatment	Control	Treatment	Control	Treatment	Control
Initial	Observations	30	30	30	30	30	28
	Mean	4.10	4.37	3.30	2.97	3.63	2.90
	Std. dev.	(0.96)	(0.81)	(1.09)	(1.03)	(0.96)	(1.30)
Follow-up	Observations	30	30	30	30	28	27
	Mean	4.10	4.37	3.23	2.93	3.43	3.24
	Std. dev.	(0.96)	(0.81)	(1.10)	(1.02)	(0.79)	(0.91)
Count	Follow-up > Initial	10	6	0	0	4	6
	Follow-up = Initial	9	17	29	29	16	19
	Follow-up < Initial	11	7	1	1	8	2
Paired <i>t</i> -test	<i>t</i> -stat	0.00	0.00	-1.00	-1.00	-1.32	1.19
	<i>p</i> -value	0.50	0.50	0.84	0.84	0.20	0.88
Matched pairs signed rank test	z-stat	-0.16	-0.25	1.00	1.00	-1.21	1.78
	<i>p</i> -value	0.44	0.40	0.84	0.84	0.23	0.96

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Panel B: Willingness-to-spend time with other group

Initial	Observations	30	30	30	30	30	29
	Mean	4.37	3.83	3.07	3.17	3.47	3.07
	Std. dev.	(0.77)	(0.99)	(1.14)	(1.15)	(0.97)	(1.31)
Follow-up	Observations	30	30	30	30	27	28
	Mean	4.23	3.83	3.00	3.17	3.48	3.21
	Std. dev.	(0.97)	(0.99)	(1.15)	(1.15)	(0.64)	(0.90)
Count	Follow-up > Initial	3	0	0	0	5	9
	Follow-up = Initial	20	30	29	30	16	13
	Follow-up < Initial	7	0	1	0	6	6
Paired <i>t</i> -test	<i>t</i> -stat	-0.81	.	-1.00	0.00	0.00	0.76
	<i>p</i> -value	0.21	.	0.84	0.50	0.50	0.88
Matched pairs signed rank test	z-stat	-1.15	.	1.00	0.00	-0.20	0.94
	<i>p</i> -value	0.13	.	0.84	0.50	0.42	0.83

*Notes:* Malawian actual = Experiment 1, Malawian imagined = Experiment 3, and Chinese actual = Experiment 2. Control = the control condition. Panel A shows an overview of participants' responses regarding their general attitude toward the other group. Panel B shows an overview of participants' responses regarding their willingness to spend time with the other group. Initial = responses reported immediately after the experiments. Follow-up = responses reported 10 days after the experiments

Figure 1: Response histograms for the Malawian participants in Experiments 1 (actual contact) and 3 (imagined contact) and follow-up surveys 10 days later.

Malawians' general attitude  
toward Chinese migrants

Malawians' willingness-to-spend  
time with Chinese migrants

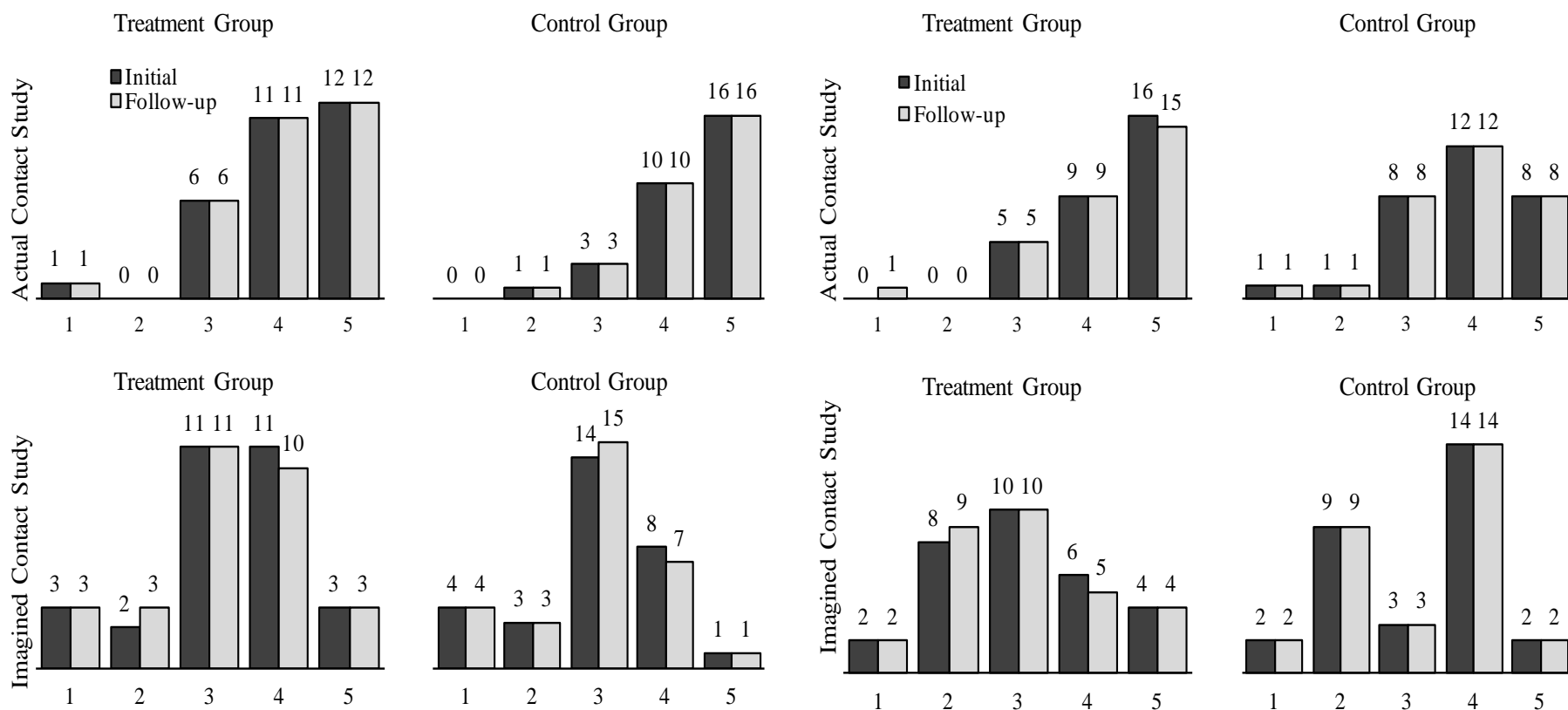
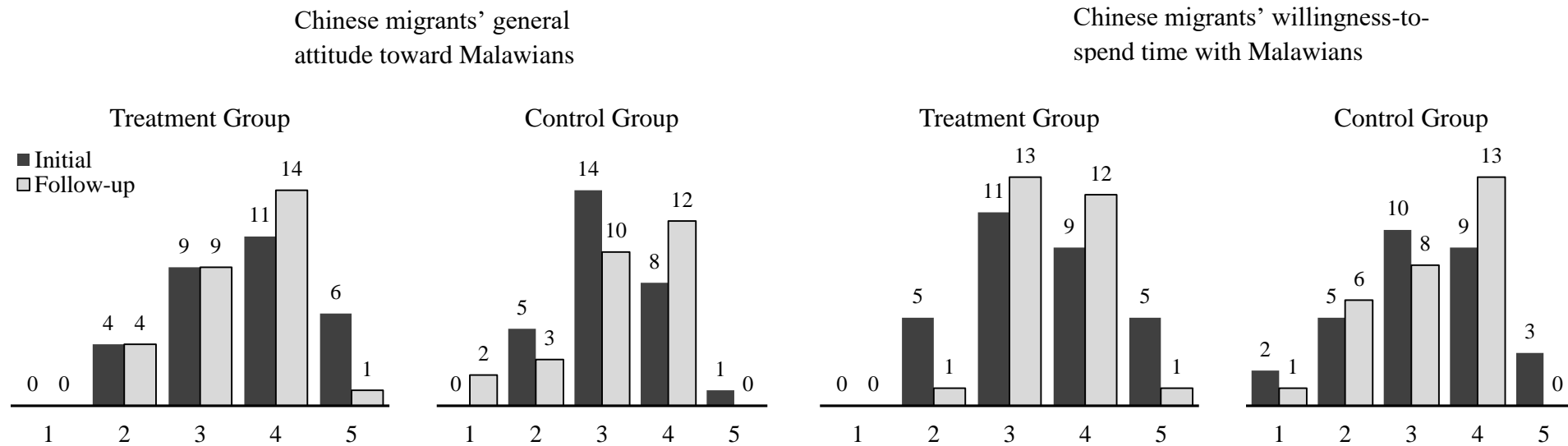


Figure 2: Response histograms for the Chinese participants in Experiment 2 (actual contact) and follow-up survey 10 days later.



*Notes:* As described earlier, three Chinese participants couldn't be reached to provide follow-up responses (two in the treatment condition and one in the control condition). Among the participants who responded, two participants in the control condition did not provide an answer to the general attitude question, and one participant in the treatment group and one participant in the control condition did not provide an answer to the willingness-to-spend time question.

## **Appendix 1: Further details on participant recruitment**

Some desirable features of participant recruitment protocols in our study were to recruit participants who were unfamiliar with other participants to the greatest extent possible, to recruit participants for whom the location of their shops were representative of the commercial districts of Lilongwe and to minimize potential discussion among participants from different sessions. With respect to this last feature, we scheduled the sessions of each experiment over three windows and we did not inform participants that we would contact them 10 days after the experiment in order to participate in the voluntary follow-up interviews.

We present a geographic view of our recruitment for each of our three studies in a series of choropleths of Lilongwe in Figures A1, A2 and A3. Each choropleth shows a map of Lilongwe broken down by the official administrative units of the city. These units are named by numbers, and a unit is called Area ‘xx’, in which ‘xx’ is its number. The choropleths also include the major roadways of the city as they provide natural divisions between urban areas. Three aspects of recruitment helped reduce potential discussion amongst participants; often there were large distances between the geographical locales from which we recruited, we chose locations in which the number of participants recruited was a small fraction of the total number of shopkeepers in the area and, within a given area, we selected shops that were as distant as possible from the shops of other participants.

Figure A1 is the choropleth for the Malawian participants in Experiment 1 – actual contact. The figure shows the spatial distribution of these participants’ business locations. The index on the right-hand side shows the number of participants recruited. For Experiment 1, participants were recruited from six official administrative Areas of Lilongwe labeled 3, 22, 24, 25, 36 and 49.

Figure A1 Here

Figure A2 is the similar choropleth for the Malawian participants in Experiment 3 – imagined contact. For Experiment 3, participants were recruited from five official administrative areas of Lilongwe labeled 2, 3, 8, 24 and 25. As noted, we tended to recruit participants from areas with large numbers of potential participants. For example, in this experiment we most heavily used recruits from Areas 2 and 25: we recruited 20 people from Area 2 and 19 people from area 25. In comparison, at the time recruitment took place, Area 2 had over 500 officially registered shops, while Area 25 had over 375 officially registered shops.

Figure A3 is the choropleth for the Chinese participants in Experiment 2 – actual contact. We recruited the participants from five official administrative Areas of Lilongwe labeled 2, 3, 6, 9 and 29.



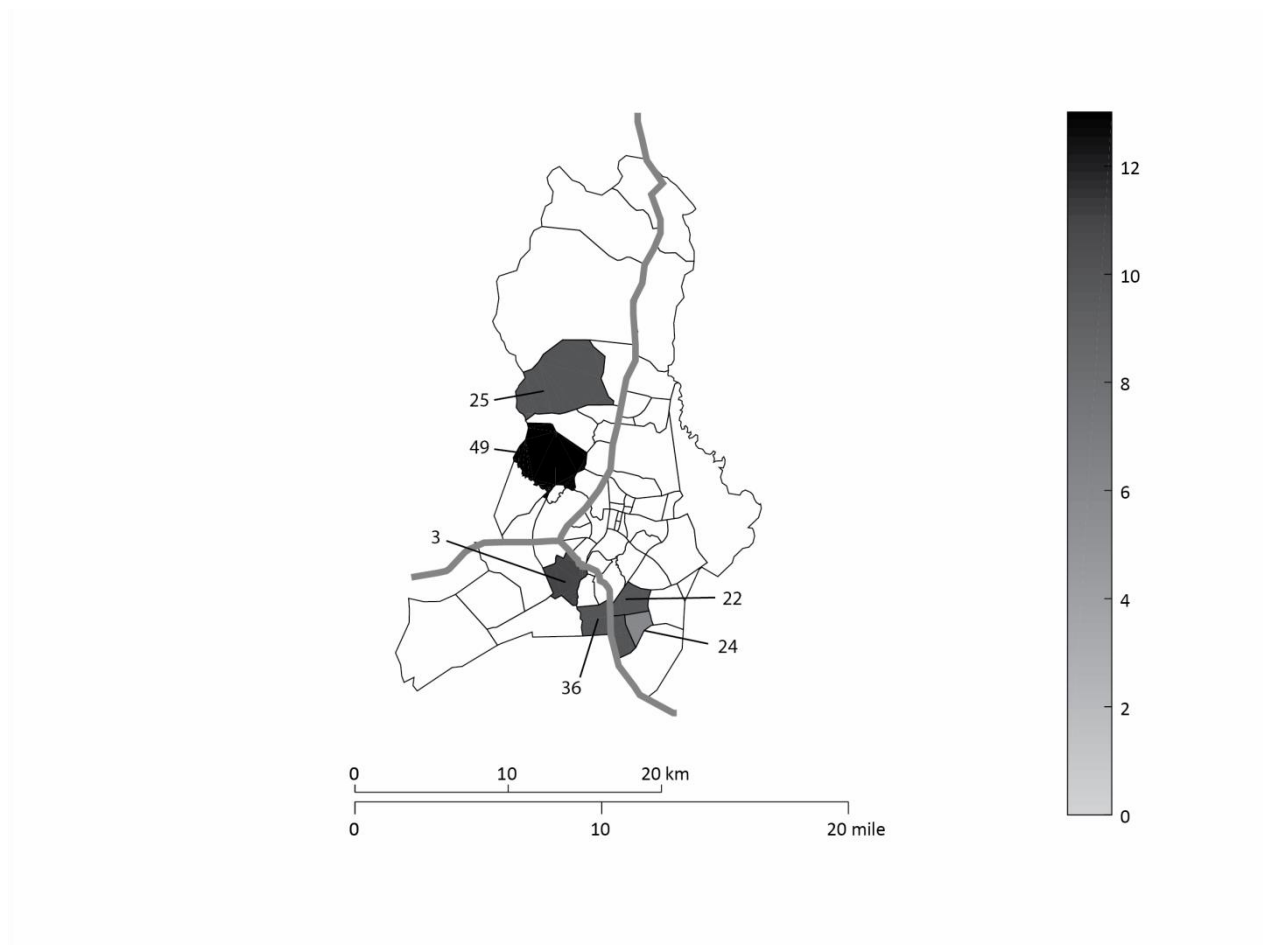


Figure A1: Choropleth of Lilongwe Showing Malawian Participant Recruitment for the Actual Contact Experiment (Experiment 1).

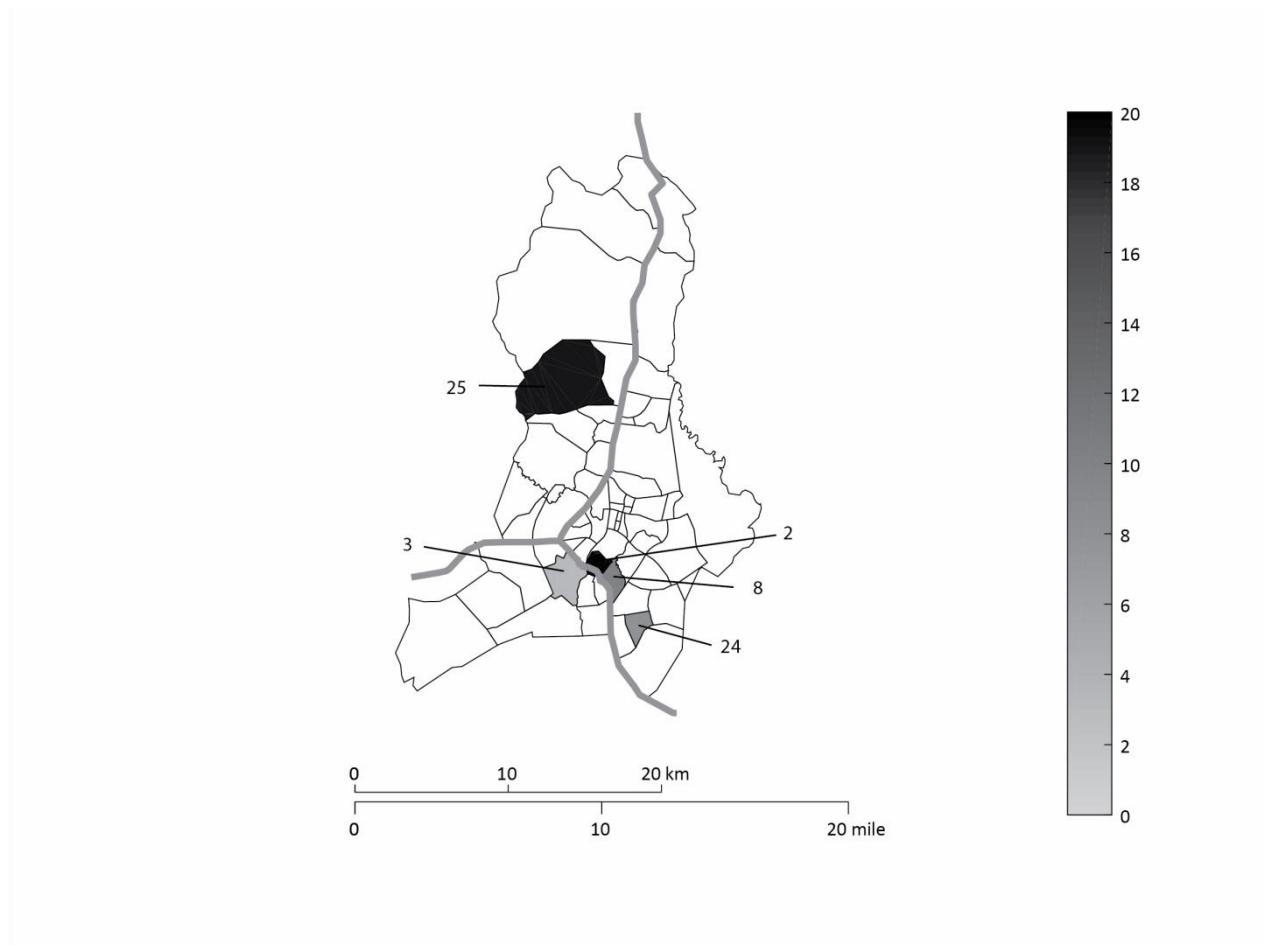


Figure A2: Choropleth of Lilongwe Showing Malawian Participant Recruitment for the Imagined Contact Experiment (Experiment 3).

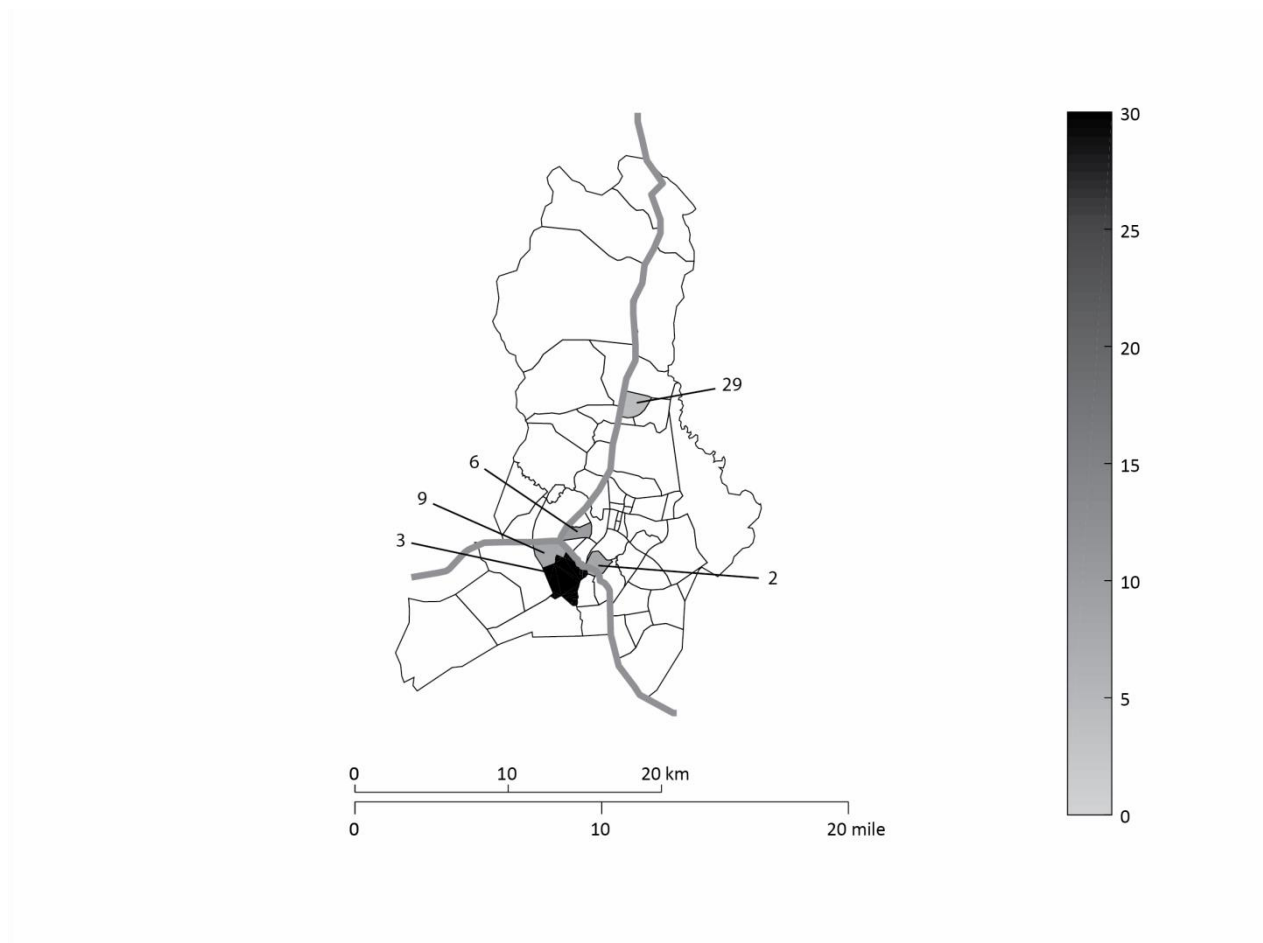


Figure A3: Choropleth Showing Chinese Participant Recruitment for the Actual Contact Experiment (Experiment 2).

## Appendix 2: Experimental materials

### Questionnaire for Malawian participants in Experiment 1

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#### 1. Demographic information

Which year were you born in? \_\_\_\_\_

Your gender: Male    Female

Your marital status:        Single (never married)

Married

Divorced or separated

Widowed

What level of education have you completed?        No formal education

Primary school

Secondary school

Vocational training

Bachelor degree

Post-graduate degree

What is your occupation? \_\_\_\_\_

What is your average monthly income? \_\_\_\_\_

On average, how many hours per day do you work? \_\_\_\_\_

On average, how many days per week do you work? \_\_\_\_\_

How many dependent children do you have? \_\_\_\_\_

If you have dependent children, how many currently live with you? \_\_\_\_\_

#### 2. Your dyad partner

His/her last name: \_\_\_\_\_

#### 3. Circle the word that best sums up your thoughts about Chinese migrants in Malawi

My general attitude toward Chinese migrants in Malawi is...

very positive

positive

neutral

negative

very negative

If I could, I would enjoy spending my spare time with Chinese migrants

very true

true

neutral

untrue

very untrue

---

### Imagined contact scripts and compliance questions in Experiment 3

#### Imagined contact condition script

We are interested in people's ability to imagine and visualize events. We would like you to spend the next 10 minutes imagining yourself meeting a Chinese shopkeeper for the first time. Together you will climb to the top of Mount Mulanje together. You meet the shop keeper and a guide in the market. You shake the shopkeeper's hand and you exchange names. Imagine the Chinese shop keeper's appearance. In the market, you buy provisions to take on your trip together. After passing the first meadow, you enter the woods and must cross a stream. You help each other to balance and walk across large rocks to do this. Then you cross tea plantations as the slope gets steeper. You help take photos of each other and share water and snacks. After the tea plantations, the slope grows steeper. You and the Chinese shopkeeper help each other over large rocks and up steep paths. After three hours, you reach the summit. To celebrate your achievement, one of you cooks a lunch you enjoy together, and the other cleans the pots and dishes. Finally, you take photos of each other and the guide takes photos of you together with the Chinese shopkeeper.

#### Control condition script

We are interested in people's ability to imagine and visualize events. We would like you to spend the next 10 minutes imagining yourself meeting a Malawian shop keeper for the first time. Together you will climb to the top of Mount Mulanje. You meet the shop keeper and a guide in the market. You shake the shop keeper's hand and you exchange names. Imagine the shop keeper's appearance. In the market, you buy provisions to take on your trip together. After passing the first meadow, you enter the woods and must cross a stream. You help each other to balance and walk across large rocks to do this. Then you cross tea plantations as the slope gets steeper. You help take photos of each other and share water and snacks. After the tea plantations, the slope grows steeper. You and the Malawian shop keeper help each other over large rocks and up steep paths. After three hours, you reach the summit. To celebrate your achievement, one of you cooks a lunch you enjoy together, and the other cleans the pots and dishes. Finally, you take photos of each other and the guide takes photos of you together with the Malawian shop keeper.

#### Compliance questions

- 1) Have you climbed Mount Mulanje before?
- 2) Was the shop keeper male or female?
- 3) How old was the shop keeper?
- 4) What country was the shop keeper from?
- 5) Name something specific you bought in the market place?
- 6) Was the weather sunny, cloudy, or rainy?
- 7) Did you take a photo together in the tea plantation?
- 8) Which of you cooked the lunch?
- 9) What did you have for lunch?
- 10) How long did it take for you two to climb the mountain?